

# **Investment Opportunities and Incentives for the Investment in the Northern Region**

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**Secretary General**

**Office of the Board of Investment**

**4 April 2016**

## 1. Investment Statistics in the Northern Region

## 2. Current Investment Promotion Measures

- **Activity-based Incentives**
- **Additional Incentives**
  - **Merit-based Incentives**
  - **Area-based Incentives**
  - **Cluster-based Incentives**
  - **Additional Incentives for SMEs**
  - **Additional Incentives for Investment Acceleration**
- **Measures for Local Investment**
- **Measures for Improvement of the Production Efficiency**

## 3. BOI Services for SMEs

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# Statistics of Approval Projects in Northern Region (Investment Values)

In 2015, the investment values in Northern Region was **5%** of total investment values.

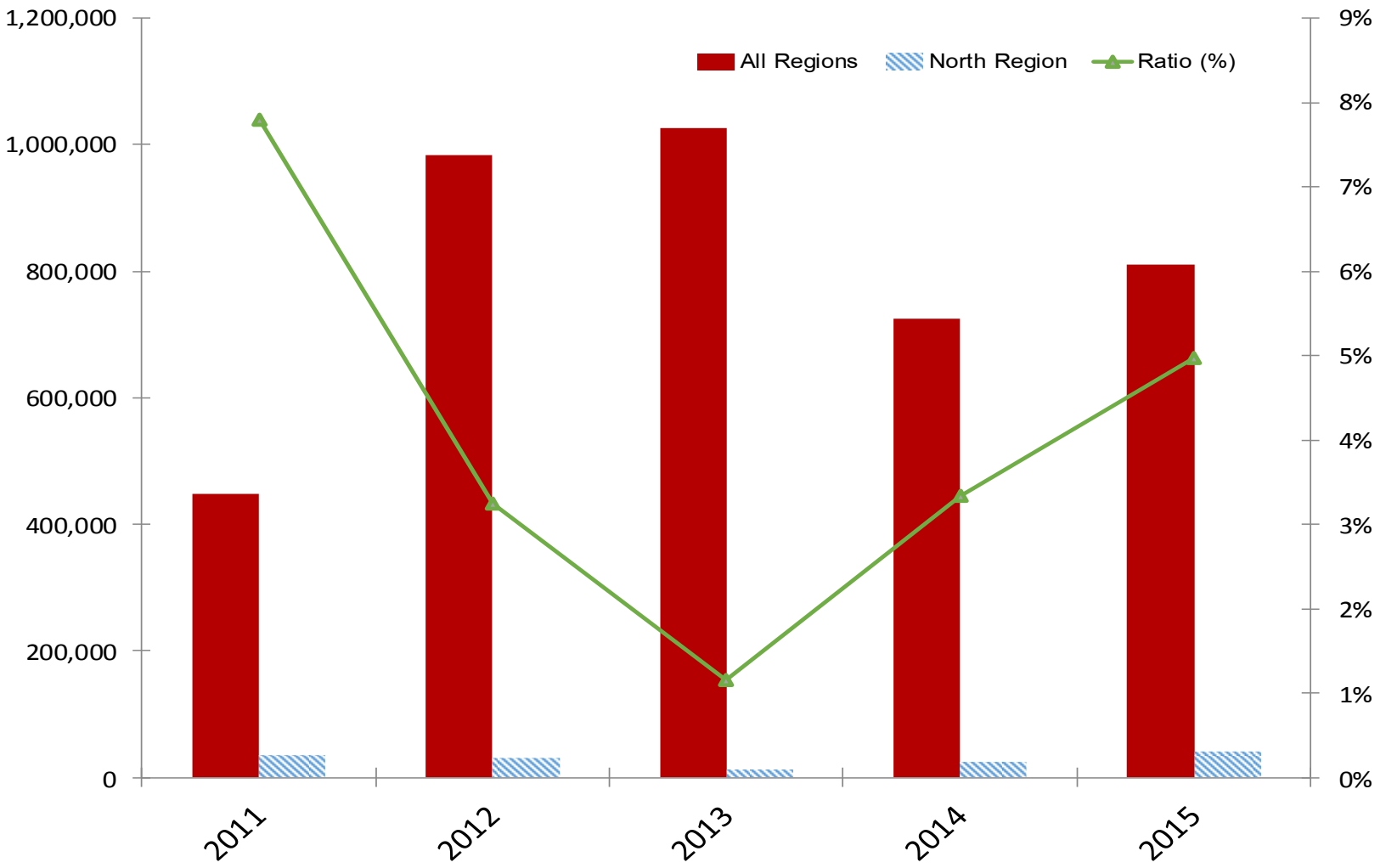
Unit: Million Baht

	2011	2012	2013	2014	2015
<b>All Regions</b>	<b>447,326</b>	<b>983,570</b>	<b>1,026,298</b>	<b>724,737</b>	<b>809,384</b>
<b>North Region</b>	<b>34,849</b>	<b>31,934</b>	<b>11,815</b>	<b>24,140</b>	<b>40,196</b>
Kamphaeng Phet	9,913	1,884	1,490	1,628	1,364
Chiang Rai	1,827	321	1,468	370	5,938
Chiang Mai	849	826	860	737	2,312
Tak	1,924		532	40	690
Nakhon Sawan	3,749	8,137	392	4,461	1,498
Nan	39		15	36	
Phayao		31	185		
Phichit	634	450	1,875		3,330
Phitsanulok	510	417	901	209	10,356
Phetchabun	10,144	1,174	79	6,458	810
Phrae	107	28	100	363	1,233
Mae Hong Son	90	190			330
Lampang	495	7,866	283	436	490
Lamphun	3,595	8,175	3,073	2,308	10,854
Sukhothai	313	1,358	342	2,550	990
Uttaradit	383	27		2,461	
Uthai Thani	277	1,050	219	2,083	
<b>Ratio (%)</b>	<b>7.8%</b>	<b>3.2%</b>	<b>1.2%</b>	<b>3.3%</b>	<b>5.0%</b>

# Statistics of Approval Projects in Northern Region (Investment Values)

In 2015, the investment values in Northern Region was **5%** of total investment values.

Total Investment (Million Baht)

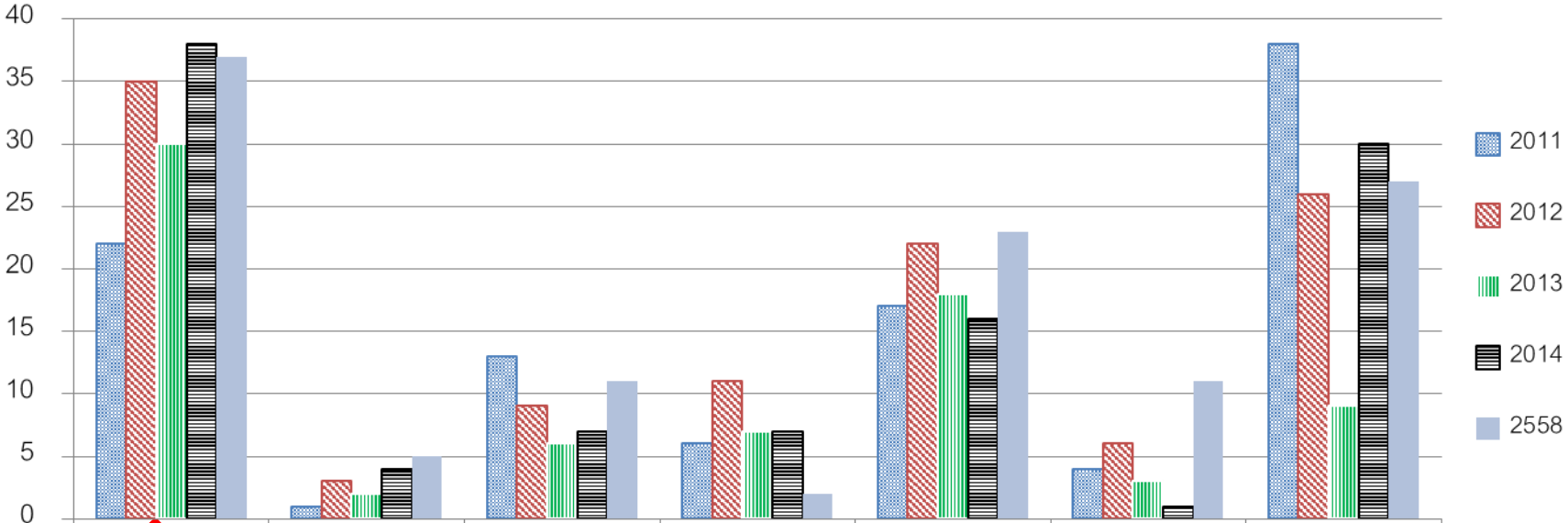


# Statistics of Approval Projects in Northern Region (No. of Projects)

## Classified by Sectors

- In 2015, most projects were in agriculture and agricultural products sector with 32% of total projects in Northern Region.

No. of Projects



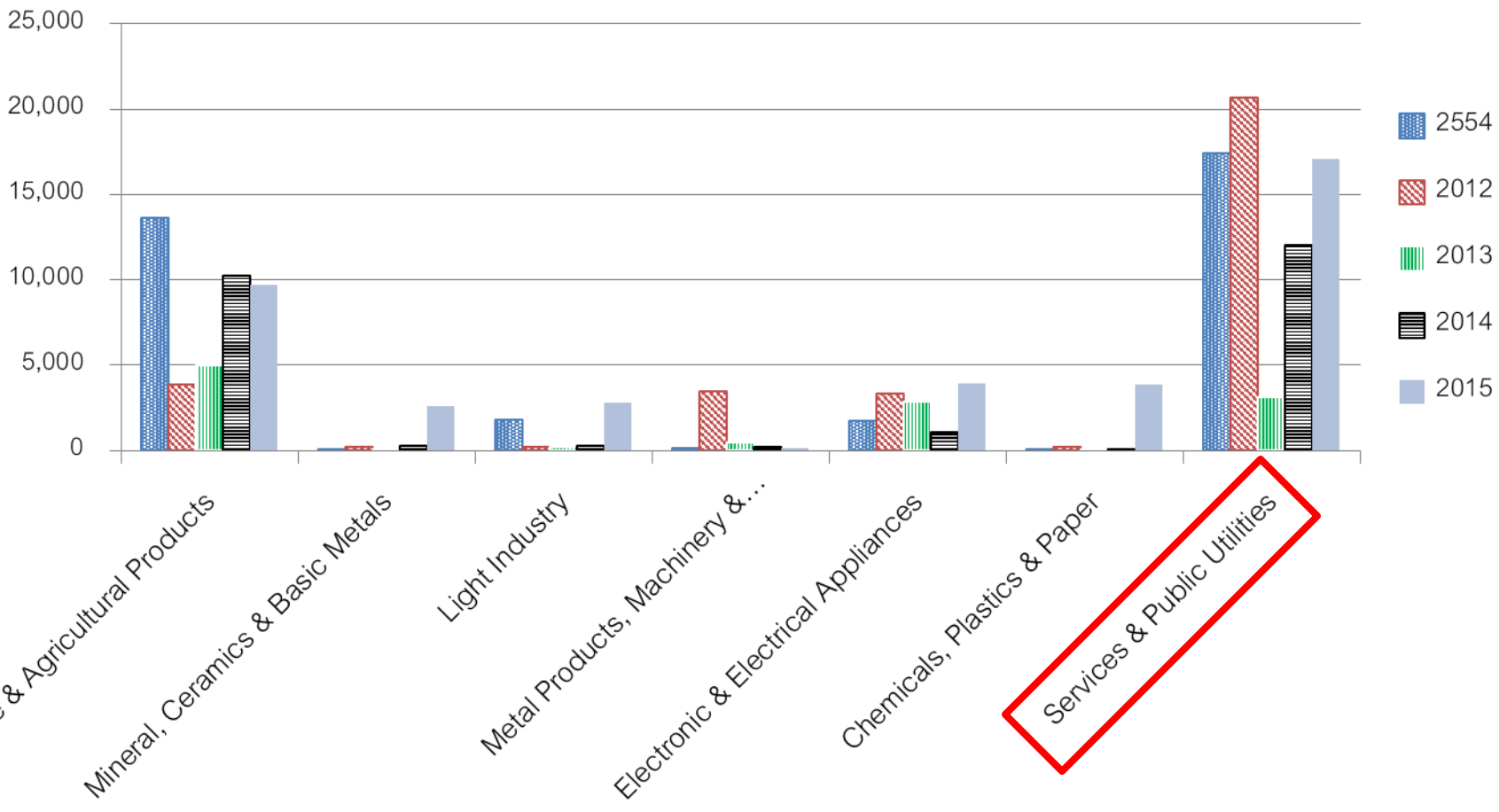
Agriculture & Agricultural Products

# Statistics of Approval Projects in Northern Region (Investment Values)

## Classified by Sectors

- In 2015, most investment values were in **service and public utilities sector** with **43%** of total investment values in Northern Region.

Total Investment (Million Baht)



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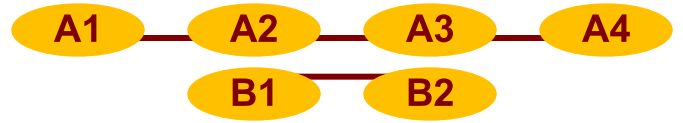
## 3. BOI Services for SMEs



# Current Investment Promotion Measures

1

## Activity-based Incentives



## Additional Incentives

2	<b>Merit-based</b>	R&D, Technology Fund Donation, IP Licensing Fee, Advanced Technology Training, Local Suppliers Development, Product & Packaging Design
3	<b>Area-based</b>	<ul style="list-style-type: none"> <li>Industrial estates / zones</li> <li>Science &amp; technology parks</li> <li>Provinces with lowest per capita income</li> <li>Southern border provinces <b>(expire in 2017)</b></li> <li>Special economic zones <b>(expire in 2017 / some activities expire in Jun 2016)</b></li> </ul>
4	<b>Cluster-based</b>	<ul style="list-style-type: none"> <li>Super Cluster and other targeted clusters <b>(expire in 2016)</b></li> </ul>
5	<b>SMEs</b>	Relaxation of criteria / additional incentives for 38 activities <b>(expire in 2017)</b>
6	<b>Investment Acceleration</b>	Additional incentives for projects which have actual investment in 2016 <b>(for application during Jan 2014 – Jun 2016)</b>

7

## Measures for Local Investment (expire in 2016)

- Agro-processing / Local products center / Local tourism development

8

## Measures for Improvement of the Production Efficiency (expire in 2017)

- Machinery replacement for energy conservation, use of renewable energy and reduction of environmental impact
- Machinery replacement for improvement of production efficiency e.g. automation
- Investment in R&D activities and engineering design to improve the production efficiency

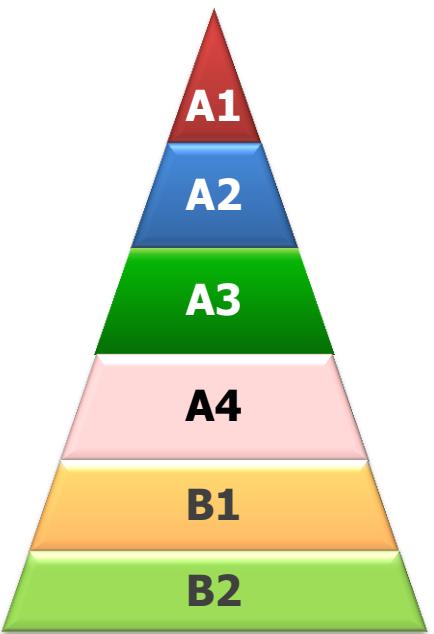
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## 3. BOI Services for SMEs

# Activity-based Incentives



- A1:** Knowledge-based activities, focusing on R&D and design to enhance the country's competitiveness
- A2:** Activities in infrastructure for the country's development, activities using advanced technology to create value added, with none or very few existing investments in Thailand
- A3:** High technology activities which are important to the country's development, with a few investments already existing in Thailand
- A4:** Activities with lower technology than A1-A3 but add value to domestic resources and strengthen supply chain
- B1-B2:** Supporting industries that do not use high technology but are still important to value chain

	Exemption of Corporate Income Tax	Exemption of Import Duty on Machinery	Exemption of import duty on raw material imported for use in production for export	Non-tax
<b>A1</b>	8 years (no cap) + Merit	✓	✓	✓
<b>A2</b>	8 years + Merit	✓	✓	✓
<b>A3</b>	5 years + Merit	✓	✓	✓
<b>A4</b>	3 years + Merit	✓	✓	✓
<b>B1</b>	0 year + Merit (for some activities)	✓	✓	✓
<b>B2</b>	-	-	-	✓

## Group

## Activities

### A1

- **R&D / Bio-technology**
- **Engineering design / Electronics design**
- **Creative product design and development center**
- **Science and Technology Park**
- **Data Center / Cloud Service**

### A2

- **Manufacture of active ingredients from natural raw materials**
- **Manufacture of technical fiber or functional fiber**
- **Manufacture of vehicle parts using high technology**
- **Manufacture of parts for organic and printed electronics**
- **Electricity generation from renewable energy**
- **Rail / Maritime transportation services**

## Group

## Activities

### A3

- **Manufacture of biological fertilizers, organic fertilizers, nano-organic chemical fertilizers and bio-pesticides**
- **Manufacture of food, food additives or food ingredients using modern technology**
- **Manufacture of automobile engines**
- **Logistics Park / Movie Town**

### A4

- **Manufacture of products from agricultural by-products or agricultural waste**
- **Manufacture of recycled fiber**
- **Heat treatment**
- **Assembly of machinery and machinery equipment**
- **Manufacture of products from hygienic paper**

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## 3. BOI Services for SMEs

# Merit-based Incentive

Types of Eligible Investment / Expenditure	Additional Cap
1. R&D: in-house, outsourced in Thailand or joint R&D with overseas institutes	200%
2. Donations to Technology and HRD Funds, educational institutes, specialized training centers, R&D institutes or governmental agencies in S&T field in Thailand, as approved by the Board	100%
3. IP acquisition/licensing fees for commercializing technology developed in Thailand	100%
4. Advanced technology training	100%
5. Development of local suppliers with at least 51% Thai shareholding in advanced technology training and technical assistance	100%
6. Product & Packaging Design: in-house or outsourced in Thailand, as approved by the Board	100%

Additional CIT exemption will be granted depending on investment or expenditure ratio in merit activities

Percentage of qualified investment / expenditure to combined revenue of the first 3 years	Additional CIT exemption (with additional cap)
1% or $\geq$ 200 mn. Baht	1 year
2% or $\geq$ 400 mn. baht	2 years
3% or $\geq$ 600 mn. baht	3 years

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# Area-based Incentives



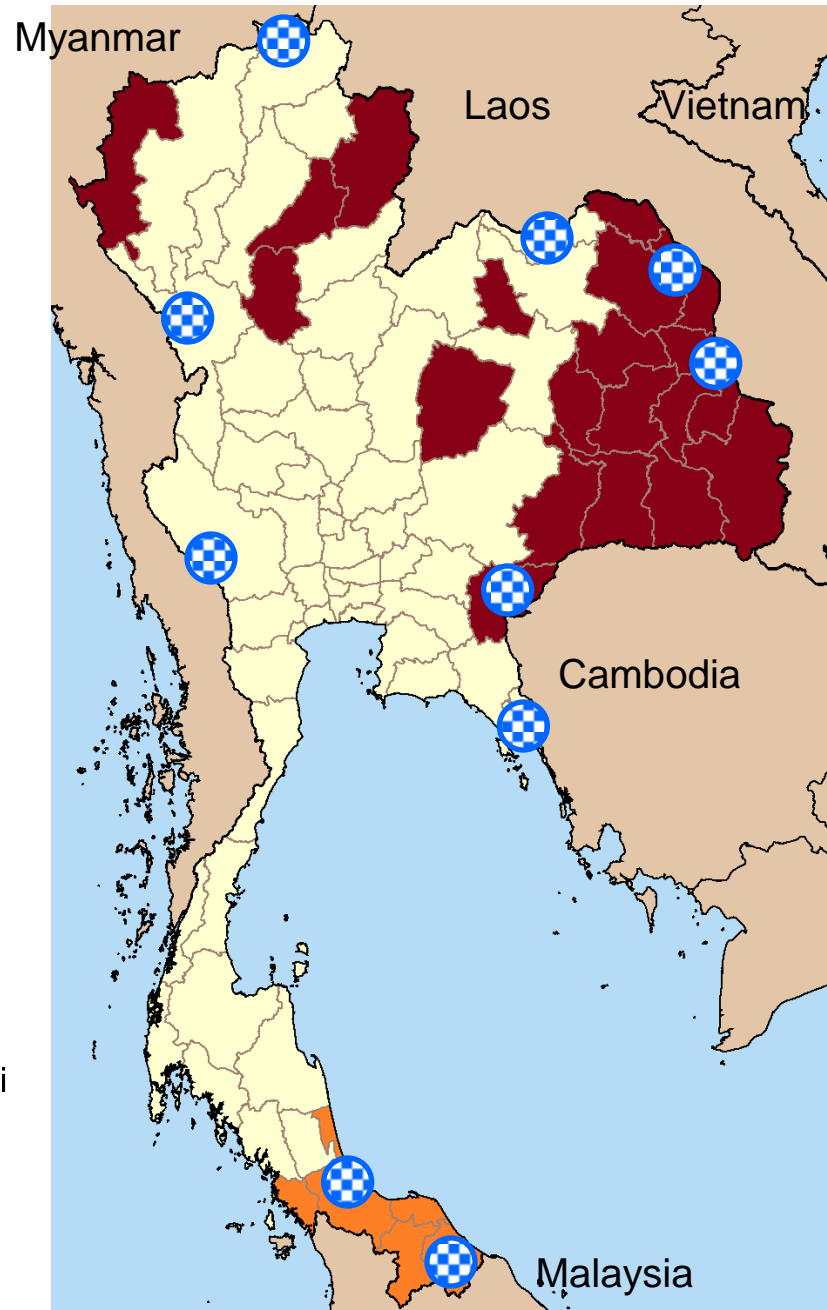
**20 Provinces with Lowest Per Capita Income** (Kalasin, Chaiyaphum, Nakhon Phanom, Nan, Bueng Kan, Buri Ram, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Roi Et, Si Sa Ket, Sakhon Nakhon, Sa Kaew, Sukhothai, Surin, Nong Bua Lamphu, Ubon Ratchatani, Amnatcharoen)



**Southern Border Provinces** (Narathiwat, Pattani, Yala, Satun and 4 districts of Songkhla)



**Special Economic Zones** (Tak, Sa Kaew, Trat, Mukdahan, Songkhla, Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, Kanchanaburi : 10 provinces, 23 districts, 90 sub-districts)



# Area-based Incentives

Targeted Areas	Corporate Income Tax Incentives
1. Promoted industrial zones or estates	Additional CIT exemption for 1 year
2. Science and Technology Park	additional 5-year 50% CIT reduction (for 7 activities)
3. 20 provinces with lowest per capita income	<ul style="list-style-type: none"> <li>• 3 additional years of CIT exemption</li> <li>• In case of A1-A2 (8-year CIT exemption) additional 5-year 50% CIT reduction will be granted</li> </ul>
4. Border Provinces in Southern Thailand	8-year CIT exemption (no cap) and 5-year 50% CIT reduction
5. Special Economic Development Zone	
<ul style="list-style-type: none"> <li>• Targeted Activities</li> </ul>	8-year CIT exemption and 5-year 50% CIT reduction
<ul style="list-style-type: none"> <li>• General Activities</li> </ul>	<ul style="list-style-type: none"> <li>• 3 additional years of CIT exemption</li> <li>• In case of A1-A2 (8-year CIT exemption) additional 5-year 50% CIT reduction will be granted</li> </ul>

\* For SEZs and southern border provinces, foreign unskilled workers will be permitted to use in the projects.

## Target Activities

- 8-year CIT exemption
- 5-year 50% reduction of CIT

## General Activities under the BOI's List of Eligible Activities

- 3 additional years of CIT exemption
- In cases where projects are already granted an 8-year CIT exemption, an additional 5-year 50% CIT reduction shall be granted instead

- Double deductions from the costs of transportation, electricity and water supply for 10 years
- Additional 25% deduction of the cost of installation or construction of facilities
- Exemption of import duty on machinery
- Exemption of import duty on raw materials used for export production
- Other non-tax incentives
- Permission to use foreign unskilled workers

**\*\* Applications must be submitted by the end of 2017 \*\***

# Target Activities for the Special Economic Zones (1<sup>st</sup> Phase)

Industrial Sectors	Tak	Sa Kaew	Trat	Mukdahan	Songkhla
1. Agriculture, Food Processing	✓	✓	✓	✓	✓
2. Ceramic Products	✓				
3. Textile, Garment, Leather Products	✓	✓			✓
4. Furniture	✓	✓			✓
5. Gems & Jewelries	✓	✓			
6. Medical Equipment	✓	✓			
7. Machinery, Automotive & Parts	✓	✓			
8. Electrical & Electronic Products	✓	✓		✓	
9. Plastic Products	✓	✓			
10. Medicine	✓	✓			
11. Logistics	✓	✓	✓	✓	✓
12. Industrial Estate / Zones	✓	✓	✓	✓	✓
13. Tourism Related Activities	✓	✓	✓	✓	✓

# Target Activities for the Special Economic Zones (2<sup>nd</sup> Phase)

Industrial Sectors	Nong Khai	Chiang Rai	Kanchanaburi	Nakhon Phanom	Narathiwat
1. Agriculture, Food Processing	✓	✓	✓	✓	Promoted under the investment promotion policy for industrial development in border provinces in Southern Thailand
2. Ceramic Products			✓	✓	
3. Textile, Garment, Leather Products	✓	✓	✓	✓	
4. Furniture		✓	✓	✓	
5. Gems & Jewelries		✓	✓	✓	
6. Medical Equipment		✓	✓	✓	
7. Machinery, Automotive & Parts			✓	✓	
8. Electrical & Electronic Products			✓	✓	
9. Plastic Products		✓	✓	✓	
10. Medicine		✓	✓	✓	
11. Logistics	✓	✓	✓	✓	
12. Industrial Estate / Zones	✓	✓	✓	✓	
13. Tourism Related Activities	✓	✓	✓	✓	

## Section 1 Agriculture and Agricultural Products

- **Livestock and aquatic animal propagation**
- **Livestock husbandry or aquaculture (except for shrimp)**
- **Slaughtering**
- **Grading, packaging and storage of plants, vegetables, fruits or flowers**
- **Manufacture of modified starch or starch made from plants that have special properties**
- **Manufacture of oil or fat from plants or animals (except for soybean oil)**
- **Manufacture of natural extracts or products from natural extracts (except for medicine, soap, shampoo, toothpaste and cosmetics)**
- **Manufacture of primary processed rubber**
- **Manufacture or preservation of food, beverages, food additives or food ingredients using modern technology (except for alcoholic beverages)**
- **Cold storage, or cold storage and cold storage transportation**
- **Trading centers for agricultural goods**

## Section 2 Ceramics

- **Manufacture of Ceramic Products (except earthenware and ceramic tiles)**

## Section 3 Light Industry

- **Manufacture of natural or synthetic fibers**
- **Manufacture of yarn or fabric**
- **Manufacture of garments, clothing accessories, and household textiles**
- **Manufacture of non-woven fabric or hygienic products made of non-woven fabric**
- **Manufacture of bags or shoes or products made of leather or artificial leather**
- **Manufacture of sports equipment or parts**

## Section 4 Furniture

- **Manufacture of furniture or parts**

## Section 5 Gems and Jewelleries

- **Manufacture of gems and jewelry or parts including raw materials and prototype**

## Section 6 Medical Equipment

- **Manufacture of medical devices or parts**

## Section 7 Automotive, Machinery and Parts

- **Manufacture of multi-purpose engines and equipment**
- **Machinery, equipment and parts and/or repair of mould and die**
- **Assembling of machinery and machinery equipment**
- **Manufacture of other vehicle parts**
- **Manufacture of motorcycles (except less than 248 cc engine displacement)**

## Section 8 Electronics and Electrical Appliances

- **Manufacture of electrical products**
- **Manufacture of LED lamps**
- **Manufacture of compressors and/or motors for electrical appliances**
- **Manufacture of wire harnesses**
- **Manufacture of parts and/or equipment for other electrical products**
- **Manufacture of audio visual products**
- **Manufacture of office electronics**
- **Manufacture of other electronic products**



## Section 8 Electronics and Electrical Appliances (Continued)

- **Manufacture of hard disk drives and/or parts**
- **Manufacture of top covers, base plates or peripherals for hard disk drives**
- **Manufacture of flexible printed circuits and/or multi-layer printed circuit boards and/or parts**
- **Manufacture of other memory storage equipment**
- **Manufacture of printed circuit board assembly (PCBA)**
- **Manufacture of parts for audio visual products**
- **Manufacture of parts for office electronics**
- **Manufacture of parts for other electronic products**

## Section 9 Chemical and plastic, manufacture of plastic

- **Manufacture of plastic products for industrial goods**
- **Manufacture of multilayer plastics packaging**
- **Manufacture of aseptic plastics packaging**
- **Manufacture of antistatic plastics packaging**
- **Manufacture of plastic products from recycled plastic**

## Section 10 Medicine

- **Manufacture of medicine**

## กลุ่มที่ 11 Logistic businesses

- **Container yards or inland container depots (ICD)**
- **Distribution Center (DC)**
- **International Distribution Center (IDC)**

## Section 1 2 Industrial zones or industrial estates

- Industrial zones or industrial estates
- Gem and jewelry industrial zones
- Logistics Park

## Section 1 3 Businesses that support tourism

- Ferry services or tour boat services or tour boat renting
- Tour boat port services
- Amusement parks
- Cultural centers or arts and crafts centers
- Open zoos
- Aquariums
- International exhibition centers
- Health rehabilitation centers

# Additional Target Activities for the Special Economic Zones

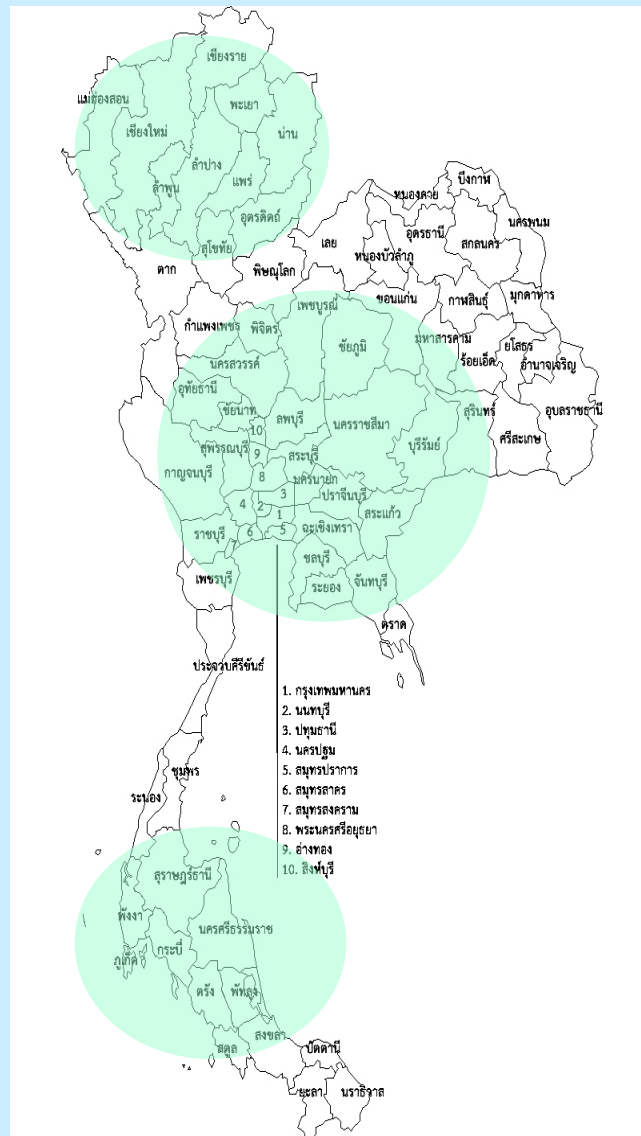
	Activities	Incentives
<p><b>Currently eligible activities</b></p>	<ul style="list-style-type: none"> <li>• Crop drying and silo facilities</li> <li>• Manufacture of fuel from agricultural scrap or garbage or waste</li> <li>• Fabrication industry</li> <li>• Production of printed matter</li> </ul>	<p>8-year CIT exemption and additional 5-year 50% CIT reduction</p>
<p><b>Formerly promoted activities</b></p> <p><u>(The application must be submitted by June 2016)</u></p>	<ul style="list-style-type: none"> <li>• Manufacture of animal feed or mixes for animal feed</li> <li>• Manufacture of construction materials and pre-stressed concrete products for public utilities projects (except ceramic roof tiles, wall tiles, and floor tiles)</li> <li>• Manufacture of body care products such as soaps, shampoos, tooth pastes (except cosmetics)</li> <li>• Manufacture of plastic for consumer products such as plastic packaging</li> <li>• Manufacture of fiber or paper articles such as carton box</li> <li>• Real estate development for industrial plant and/or warehouse</li> </ul>	<p>8-year CIT exemption</p>

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## 3. BOI Services for SMEs



## Cluster Development Policy

Develop potential and manufacturing based areas for target industries to support high technology activities and industries for the future that have linkages and supports between cluster compositions to enhance industrial competitive advantages

## Super Cluster

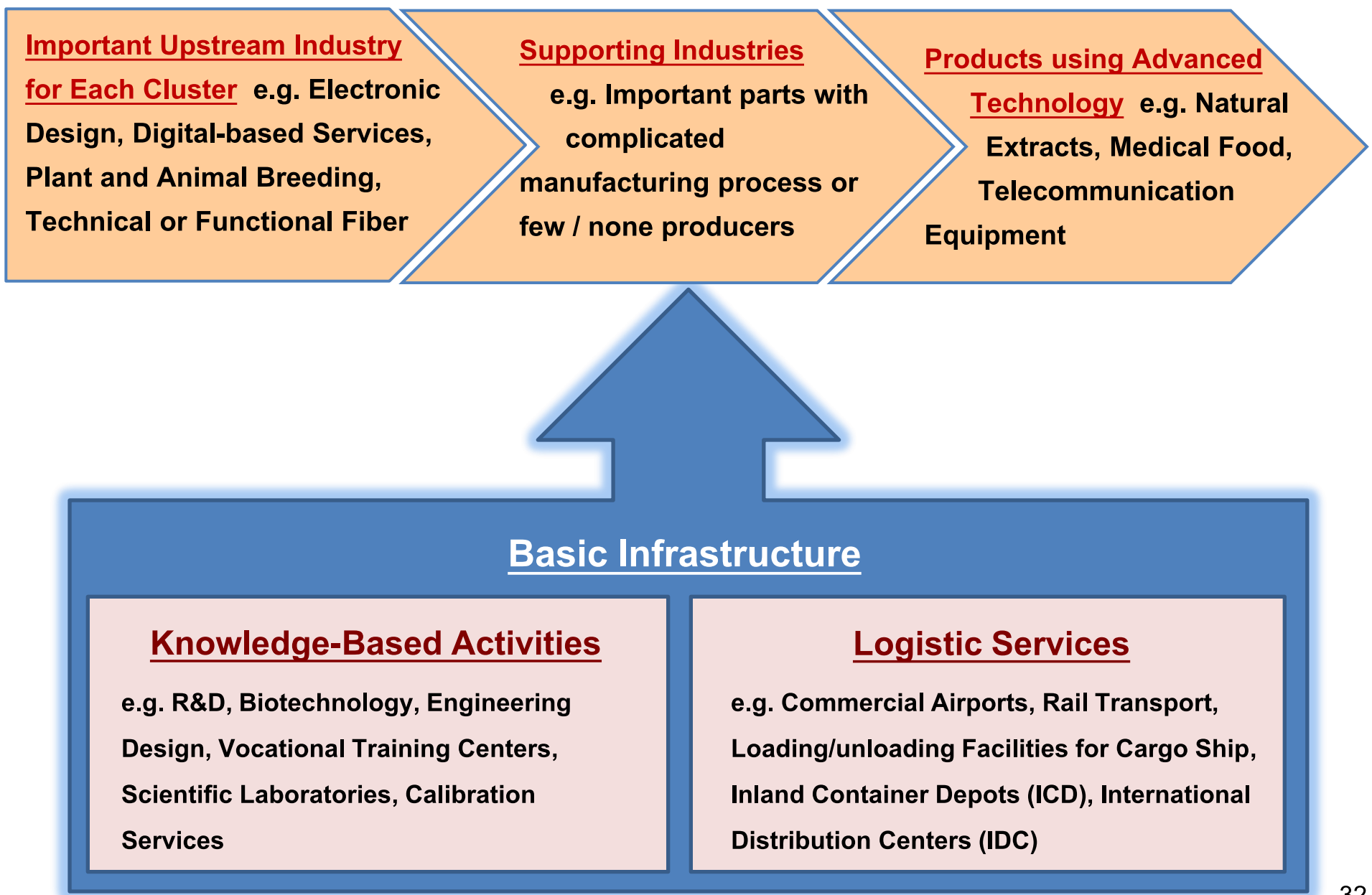
Cluster for industries using advanced technologies and industries for the future

- Automotive and Parts
- Electrical Appliances, Electronics and Telecom equipment
- Eco-friendly Petrochemical and Chemical Products
- Digital Industries
- Aerospace
- Automation and Robotics
- Food Innovation
- Medical Industries

## Other Targeted Clusters

- Agro-processing
- Textile and Garment

# Target activities in each cluster





# Incentives for Cluster-based Investment

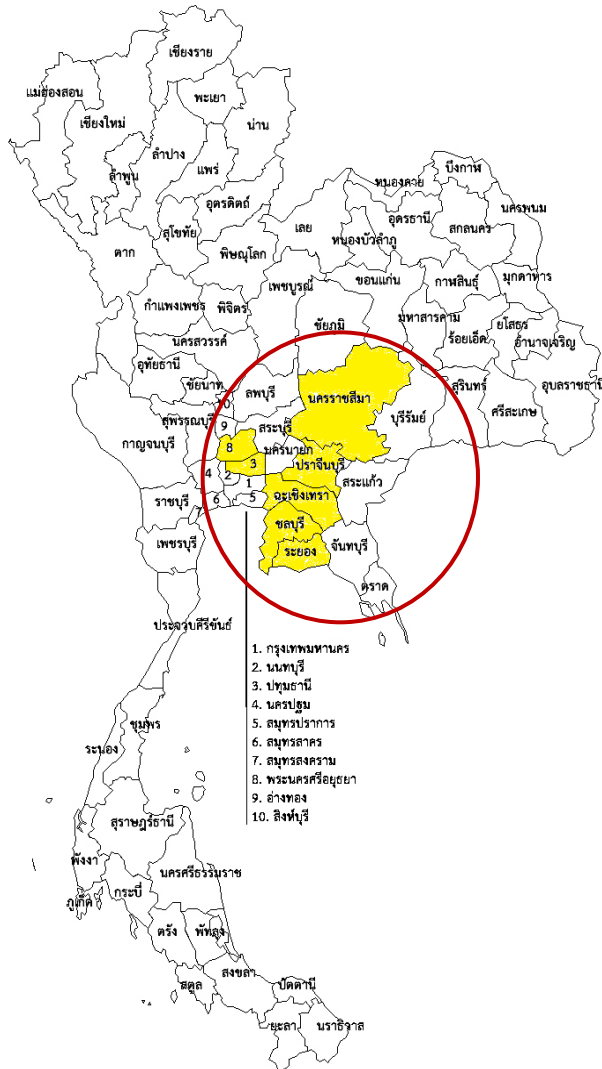
Incentives	Super Cluster	Other Clusters
<p><b>Tax</b></p>	<p><u>BOI</u></p> <ul style="list-style-type: none"> <li>8-year corporate income tax exemption and additional 5-year reduction of 50%</li> <li>Import duty exemption on machinery</li> </ul>	<ul style="list-style-type: none"> <li>3-8 year corporate income tax exemption and an additional 5-year reduction of 50%</li> <li>Import duty exemption on machinery</li> </ul>
	<p><u>Ministry of Finance</u> (under the consideration)</p> <ul style="list-style-type: none"> <li>✓ For industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption</li> <li>✓ Personal income tax exemption for renowned specialists, both Thai and foreign</li> </ul>	
<p><b>Non-Tax</b></p>	<ul style="list-style-type: none"> <li>Permission to own land</li> <li>Permission to bring in foreign experts and technicians</li> </ul>	

# Obligatory conditions to receive cluster incentives

- **Must have cooperation with academic institution / research institution / Center of Excellence in the cluster to develop human resource and improve the level of technology e.g.**
  - **Cooperation in the government program e.g. Talent Mobility / Work-integrated Learning / Co-operative Education / Dual system**
  - **Cooperation in development of human resource or technology as approved by the Board of Investment**
  
- **Must apply for investment promotion within 2016 and must start operation within 2017 to accelerate investment, unless under necessity e.g. large-scale project, the BOI will consider relaxation as deemed appropriate.**

# Automotive Industry

**7 Provinces** : Ayudhdhaya, Patumthani, Chonburi, Rayong, Chacheongsao, Prachinburi, Nakorn Ratchasima



## Targeted Activities

**Manufacture of automobile engines**

**Manufacture of important auto parts i.e.**

- Parts using advance technology
- Safety and Energy Efficient System
- Equipment for Hybrid, EV, PHEV cars
- Fuel injection parts/ Transmission/ Engine System

**Manufacture of automobile tires**

**Manufacture of motorcycle with engine size  $\geq$  248 CC.**

(only for projects with forming of engine parts)

## **Increasing incentives from B1 to A3-A4 for manufacture of vehicle parts**

**BOI Announcement So.1/2015 (16 Sep 2015)**

### **Group A3 (5-year CIT exemption) – Targeted activities in Super Cluster**

- **Manufacture of Fuel System Parts: Fuel Pump, Injection Pump, Injector**
- **Manufacture of Transmission System Parts e.g. Sun Gear, Ring Gear, Shift Gear**
- **Manufacture of Engine System Parts: Turbocharger**
- **Manufacture of Safety Parts: Inflator**

### **Group A4 (3-year CIT exemption)**

- **Manufacture of Turbocharger Parts e.g. Turbine Blade, Turbine Housing, Bearing Housing**
- **Manufacture of Safety Parts: Initiator, Coolant Filter**
- **Manufacture of Brake System Parts e.g. Brake Booster, Brake Caliper**
- **Manufacture of Suspension System Parts: Shock Absorber, Ball Joint**
- **Manufacture of Steering System Parts: Power Steering Pump, Rack and Pinion Steering**
- **Manufacture of Cooling System Parts: Water Pump**
- **Manufacture of Exhaust System Parts: Catalytic Converter**
- **Manufacture of Air Conditioning System Parts: Air Compressor**
- **Manufacture of Ultimate Tensile Strength Steel**
- **Manufacture of Ball Bearing for vehicles**

Approved by the Board of Investment on Feb 29, 2016

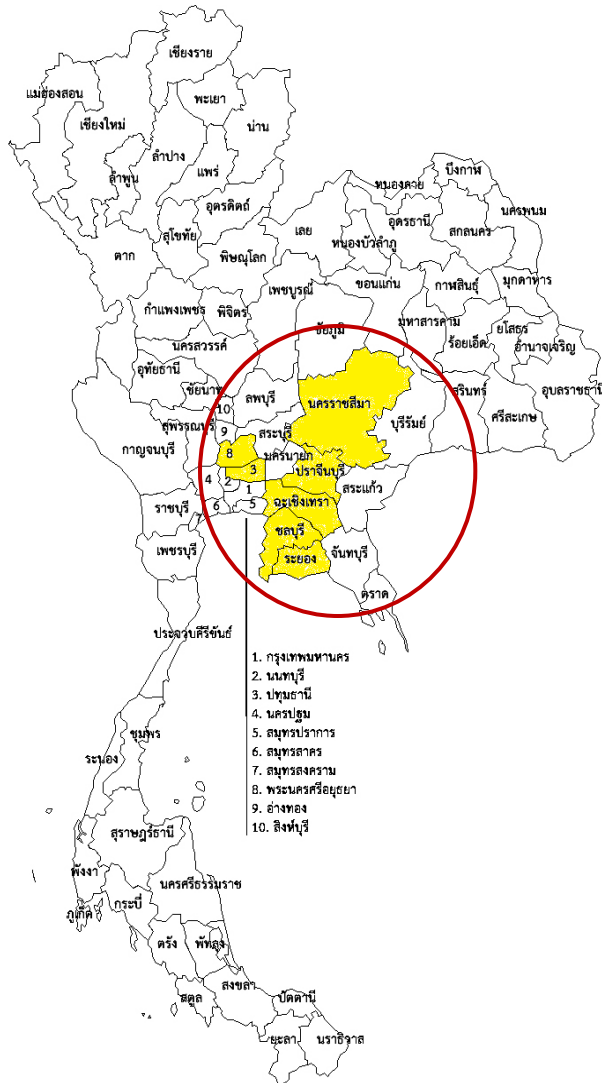
### Group A3 (5-year CIT exemption) – Targeted activities in Super Cluster

- **Manufacture of Transmission Case**
- **Manufacture of Airbag Inflator / Gas Generator / Gas Generant**

### Group A4 (3-year CIT exemption)

- **Manufacture of Fuel Pipe/Tube**
- **Manufacture of Gear**
- **Manufacture of Safety Belt Parts (Interlock and Retractor)**
- **Manufacture of Brake Set**
- **Manufacture of Exhaust Catalyst**

# Electrical Appliances, Electronic and Telecommunication Industry



**7 Provinces** : Ayudhdhaya, Patumthani, Chonburi, Rayong, Chacheongsao, Prachinburi, Nakorn Ratchasrma

## Targeted Activities

### Electronic design

e.g. Microelectronics Design และ Embedded System Design

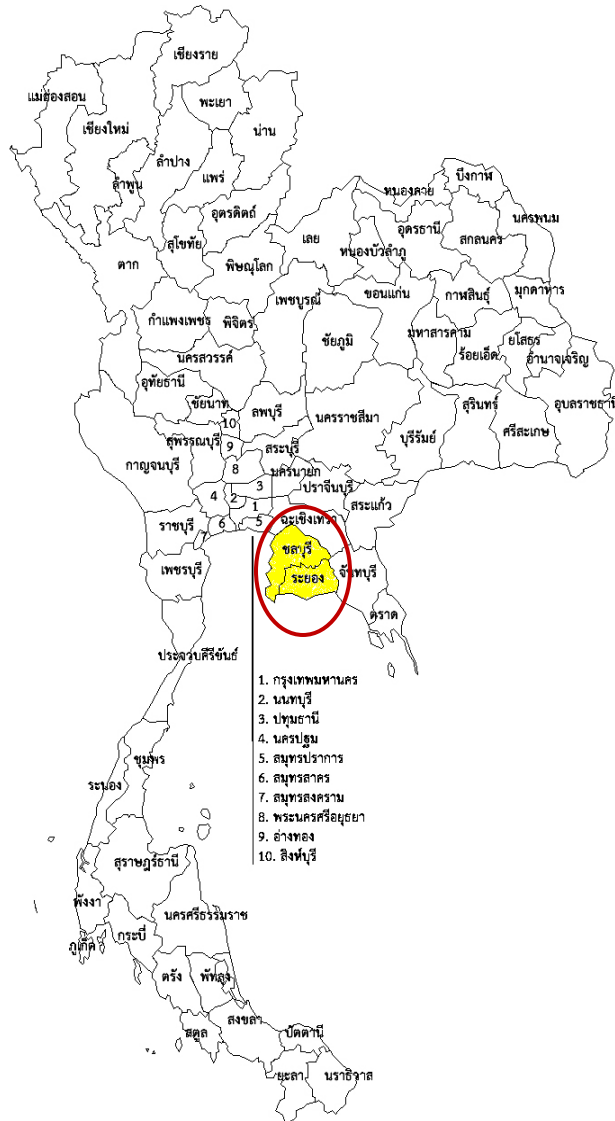
### Electronic products and parts using advance technology

e.g. telecommunication equipment, electronic parts for medical devices / automotive / industrial works, Hard Disk Drive, Solid State Drive

### Advanced technology electrical appliances

e.g. Internet of things, embedded system, embedded software

# Eco-friendly Petrochemical and Chemical Products Industry



2 provinces : Chonburi and Rayong

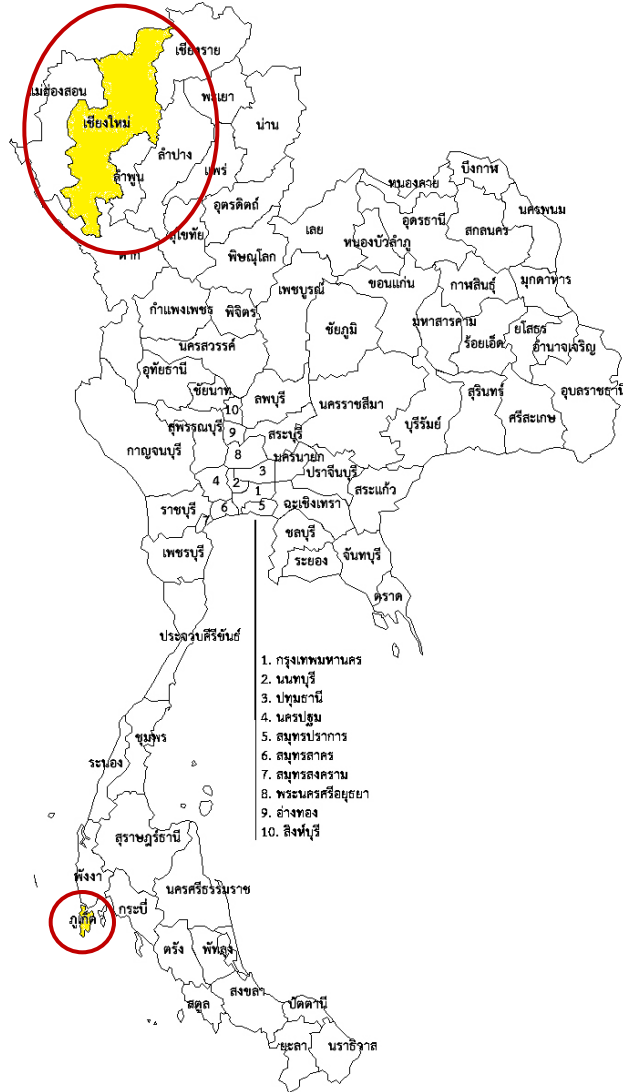
## Targeted Activities

Petrochemical or specialty chemical products

Plastic or bio-chemical products

Bio-plastic products

Manufacture of paper container coated with  
bio-plastic



**2 provinces : Chiang Mai and Phuket**

## Targeted Activities

**Embedded system design**

**Software** (embedded software, enterprise software, digital content, high value-added software)

**Cloud service**

**Digital service** e.g. digital architecture design service

**Data center**

**Software park**

**Science and technology park**

**Innovation incubation center**

**Movie town**

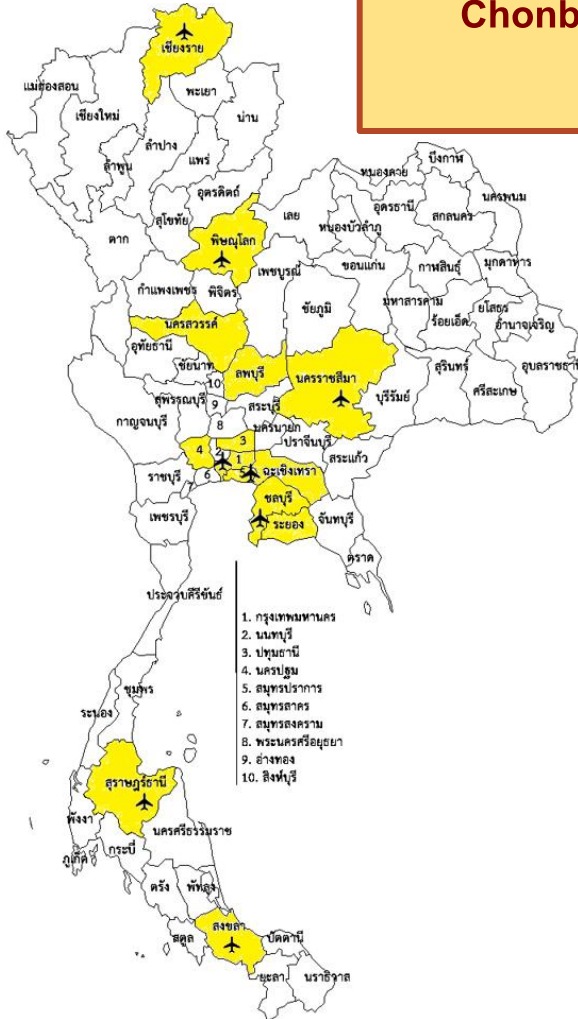
**Thai motion picture production and motion picture supporting services**



# Aerospace Industry

## 14 provinces

Bangkok, Samutprakarn, Nakhonpathom, Pathum Thani, Chacheongsao, Chonburi, Rayong, Chiang Rai, Phitsanulok, Nakhon Sawan, Lopburi, Nakhon Ratchasima, Surat Thani, Songkhla



## Targeted Activities

Manufacture of aircraft and parts

Manufacture of onboard devices and equipment

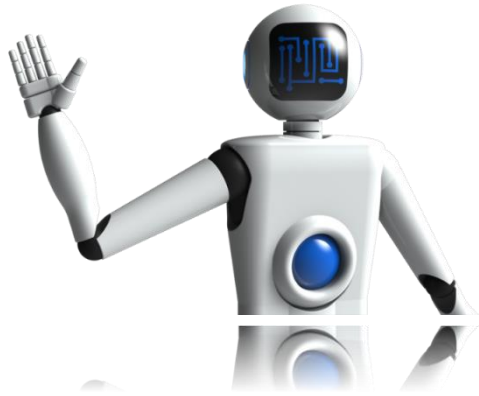
Repair of aircraft and parts

Manufacture of aerospace equipment

Aerospace operating system

Aircraft or aerospace industrial estates / zones

# Automation and Robotics Industry

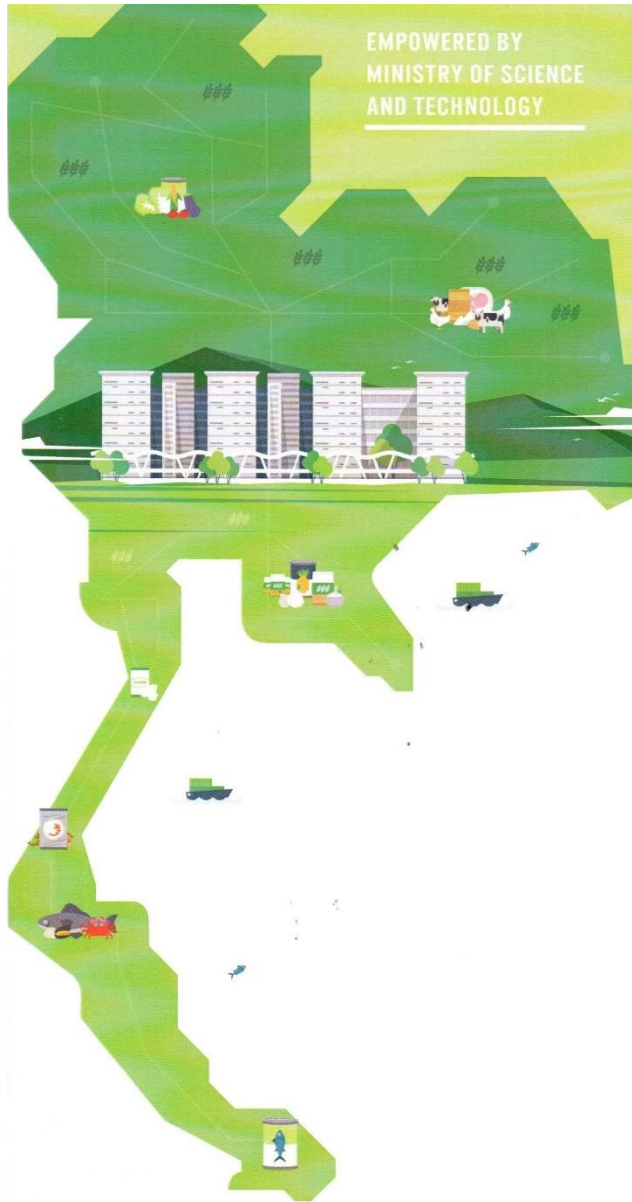


## Targeted Activities

**Automation machinery and automation equipment with engineering design**

**Assembling of robot and automation equipment and parts**

# Food Innovation Industry



## Targeted Activities

**Plant or animal breeding**

**Creative product design and development center**

**Research and Development (R&D)**

**Biotechnology**

**Engineering design**

**Scientific laboratories**

**Calibration services**

**Vocational training center**

# Agro-Processing Industry

**Northern Region** (Chiang Mai, Chiang Rai, Lam Pang and Lam Phun)

- Processed vegetables, fruits, herbs

**Northeastern Region** (Khon Kaen, Nakhon Ratchasima, Chaiyaphum, Buriram)

- Livestock, tapioca, sugar cane, maize

**Lower Central Region** (Kanchanaburi, Ratchaburi, Petchaburi, Prachuab Khiri Khan)

- Sugar cane, pineapple, rubber

**Eastern Region**

(Rayong, Chanthaburi, Trad)

- Processed fruits, rubber

**Southern Region** (Chumphon, Surat Thani, Krabi, Songkhla)

- Palm, processed seafood, rubber



## Targeted Activities

Plant and animal breeding

Natural extracts/ product from natural extracts

Active ingredient

Medical food or food supplement

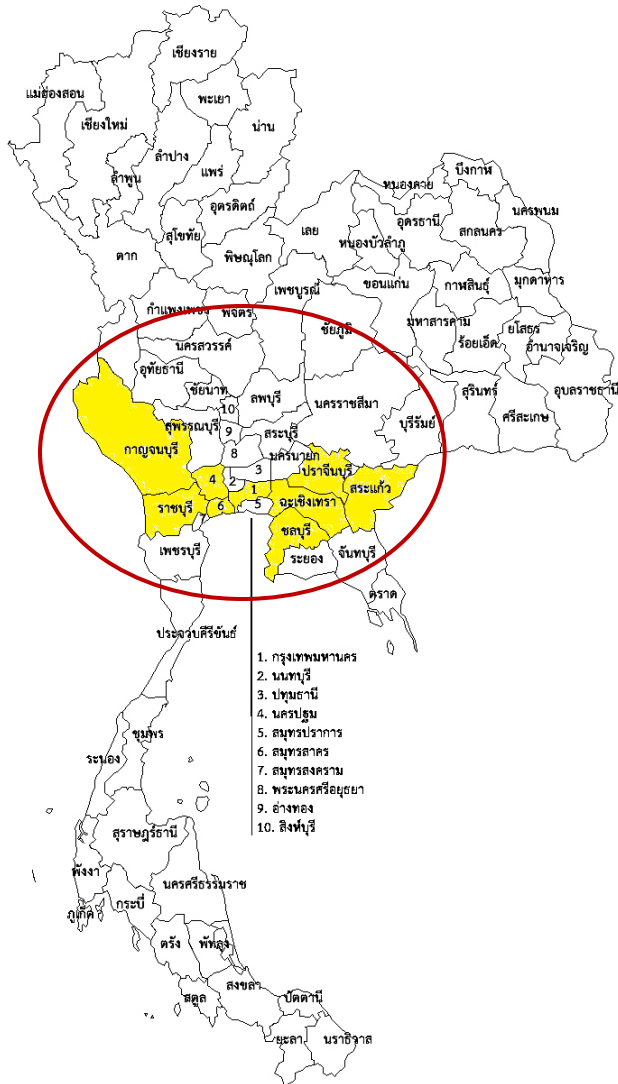
Grading, packaging and storage of plants, vegetables, fruits or flowers using high technology

Trading centers for agricultural goods

Products manufactured from natural rubber

○ Location of Rubber City

# Textile and Garment Industry



**9 Provinces** : Bangkok, Kanchanaburi, Nakhon Prathom, Ratchaburi, Samut Sakhon, Chonburi, Chachoengsao, Prachinburi, Sakaeo

## Targeted Activities

### Natural or synthetic fibers

(only fibers with specialty qualifications and recycle fibers)

**Yarn or fabric** (only yarn/fabric with specialty qualifications and designed yarn/fabric or R&D)

### Bleaching, dyeing and finishing

### Garments, clothing accessories, and household textiles

(only those with designs or R&D)

### Creative product design and development center

## Knowledge-Based Activities

- **Research and Development (R&D)**
- **Biotechnology**
- **Engineering design**
- **Scientific laboratories**
- **Calibration services**
- **Vocational training center**
- **Electronic design**
- **Embedded software / High value-added software**
- **Innovation incubation center**

## **Incentives**

**CIT exemption for 8 years (no cap)  
and additional 50% CIT reduction  
for 5 years**

## Logistic Businesses

- **Air transportation services**
- **Rail transportation services**
- **Loading/unloading facilities for cargo ship**
- **Inland container depot (ICD)**
- **International distribution center (IDC)**

## **Incentives**

**CIT exemption for 5 – 8 years and  
additional 50% CIT reduction  
for 5 years**

## 1. Investment Statistics in the Northern Region

## 2. Current Investment Promotion Measures

- **Activity-based Incentives**
- **Additional Incentives**
  - **Merit-based Incentives**
  - **Area-based Incentives**
  - **Cluster-based Incentives**
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  - **Additional Incentives for Investment Acceleration**
- **Measures for Local Investment**
- **Measures for Improvement of the Production Efficiency**

## 3. BOI Services for SMEs

## 38 Eligible Activities

- **Agriculture and Agricultural Products 8 Activities** such as Animal propagation or animal husbandry; Grading, packaging and storage of plants, vegetables, fruits or flowers; Natural rubber products
- **Mineral, Ceramics and Basic Metals 5 Activities** such as Glass or ceramic products; Cast iron/steel parts; Forged iron/steel parts
- **Light Industry 7 Activities** such as Textile products; Bags or Shoes; Sports Equipment; Musical Instruments; Furniture; Gems and Jewelry
- **Metal Products, Machinery and Transport Equipment 5 Activities** such as Metal Products; Machinery and equipment; Vehicle parts; Building or repair of ships
- **Electronics and Electrical Appliances Industry 5 Activities** such as Electrical products; Electronic products; Software
- **Chemicals, Paper and Plastics 4 Activities** such as Plastic products for industrial goods; Plastic products from recycled plastic; Medicine; Printed matter
- **Service and Public Utilities 4 Activities** such as Logistics service centers; Thai motion picture production; Motion picture supporting services: Hotels



## Condition for Thai SMEs

- 1) The total share of Thai shareholders shall not be less than 51 percent.
- 2) The total fixed asset or investment (excluding cost of land and working capital) of a company, including both BOI promoted and non-BOI promoted projects, must not exceed 200 million baht.

## Relaxation on criteria for Thai SMEs

- 1) The minimum investment capital is 500,000 baht, excluding the cost of land and working capital (reduced from 1 million baht).
- 2) The utilization of domestic used machinery (not more than 10 million baht) is allowed. Investment in new machinery is required with a value of at least 50 percent of the total value of machinery in the promoted project.

## Incentives

- 2 years additional CIT exemption
- If SMEs apply for the merit-based incentives for competitiveness enhancement, only half of the expenditures/investment specified in the competitiveness enhancement measure is required for SMEs in order to fulfil the conditions.

**\*\* The application must be submitted within 2017 \*\***

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## 3. BOI Services for SMEs

# Investment Acceleration Measure

- Applications submitted during January 1, 2014 - June 30, 2016 (revenue shall not be generated before the announcement date of the measure – Nov 16, 2015)
- Revenue must be generated by the end of 2017

Condition	Additional CIT Exemption
1. Actual investment (e.g. building construction/machinery) counting from the announcement date of the measure (16 Nov 2015) until <b>June 2016</b> of at least <b>70%</b> of total investment capital (excluding cost of land and working capital)	4 years + 50% reduction for 5 years
2. Actual investment of at least <b>50% within June 2016</b>	3 years + 50% reduction for 5 years
3. Actual investment of at least <b>50% within December 2016</b>	2 years + 50% reduction for 5 years
4. Actual investment less than 50% within 2016 but operation can be started and revenue can be generated <b>within December 2017.</b>	1 year (for general area) 2 years (for SEZ)

Remark: \*The total CIT exemption period shall not exceed 8 years

## 1. Investment Statistics in the Northern Region

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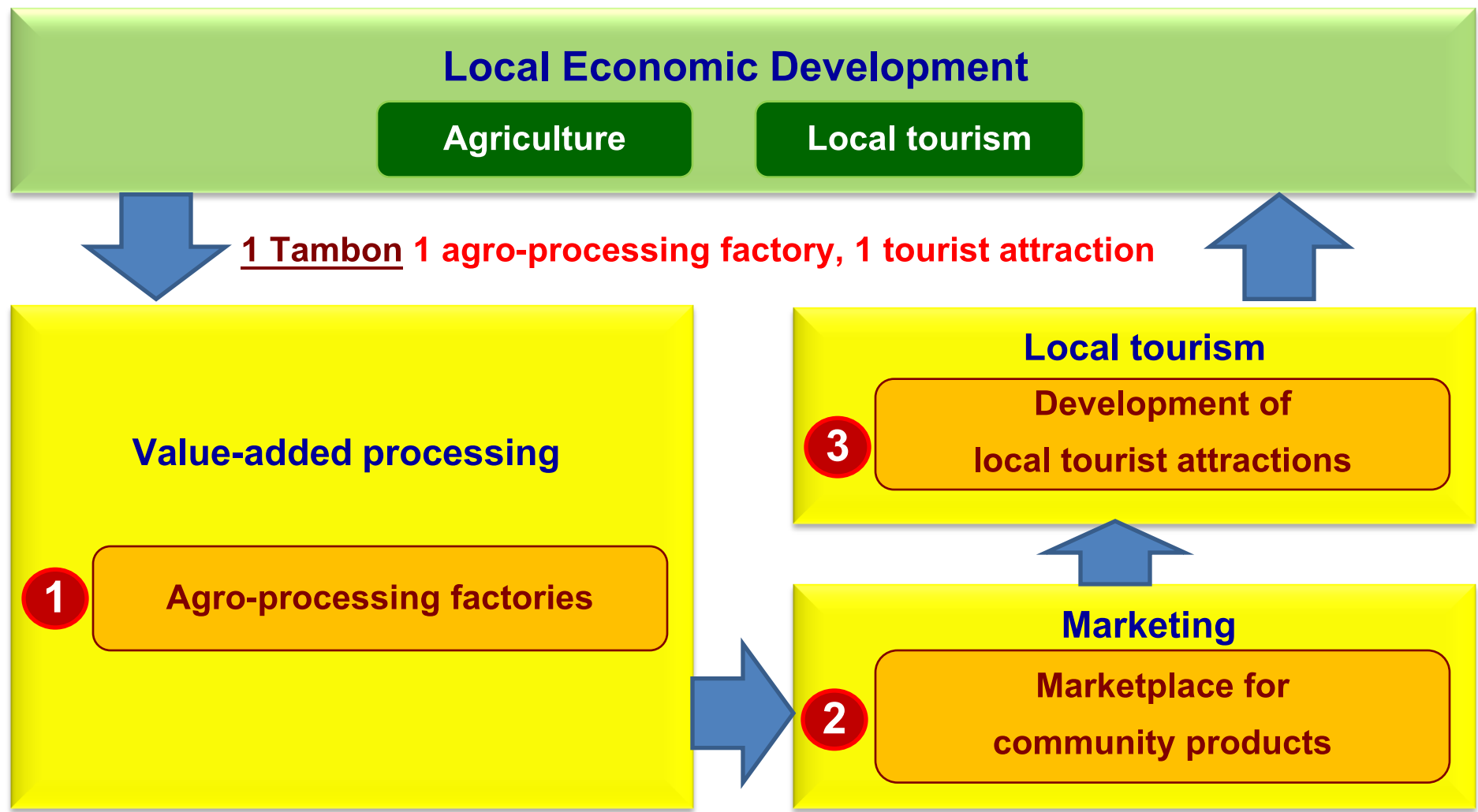
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- **Measures for Local Investment**

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## 3. BOI Services for SMEs

# Measure to promote local investment



**Remark:** Must apply for investment promotion within 2016. The project operation must be started and the revenue of the project must be generated within 2017, unless under necessity, the BOI will consider relaxation as deemed appropriate.

- 1) **Focusing on the activities that create value-added to agricultural products in local community** e.g. manufacture of biological fertilizers, natural rubber products, products from agricultural waste, fuel from agricultural products, food processing products, beverages from fruits and vegetables and products from herbs.
- 2) **Encouraging large companies to set up factories in rural areas** by providing incentives to the existing project of large companies
- 3) **Relaxation of criteria for community-based businesses** e.g.
  - The minimum investment capital requirement (excluding cost of land and working capital) is reduced from 1 million baht to 100,000 baht
  - The utilization of domestic used machinery is allowed in the BOI promoted project

# Promotion of Agro-Processing Factories

The measure is divided into 2 cases.

## Case 1: Investment by large companies

Condition	Incentives
<ul style="list-style-type: none"> <li>• Must have cooperation with local administrative organization, cooperatives or community enterprises in order to assure that local community will gain benefits from the investment projects</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year CIT exemption for <u>the existing project of the parent company</u> by the value of the CIT exemption must not exceed the total value of investment in agro-processing factory</li> <li>• The project of a parent company must be under the BOI's list of eligible activities</li> <li>• Other incentives shall be granted according to general criteria.</li> </ul>

## Case 2: Investment by general investors, cooperatives or community enterprises

Conditions	Incentives
<ul style="list-style-type: none"><li>• <b>The minimum</b> capital investment requirement of each project is <b>100,000 baht</b> (excluding cost of land and working capital) and the total value of the net fixed assets of the whole project <b>must not exceed 50 million baht.</b></li><li>• <b>Projects are allowed to use domestic used machinery</b> of not more than 10 million baht and investment in new machinery must account for at least 50% of the value of machinery in the project</li><li>• <b>Not less than 51 percent</b> of the registered capital must be Thai</li></ul>	<ul style="list-style-type: none"><li>• <b>5-year</b> CIT exemption</li><li>• <b>Other incentives shall be granted according to general criteria</b></li></ul>



# Promotion of the Marketplace for Community Products

- To promote the effective distribution channels for farmers and local agro-processing factories, including OTOP producers.

Conditions	Incentives
<ul style="list-style-type: none"> <li>• Must purchase community products that are certified by community products standard, the Food and Drug Administration (FDA), Halal, etc. from <b>at least 200 OTOP producers</b> which register with Community Development Department and <b>not less than 80% of total value of goods per year.</b></li> <li>• <b>Not less than 51 percent</b> of the registered capital must be Thai.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>3-year</b> CIT exemption for the revenue from selling agricultural products and certified community products</li> <li>• Other incentives shall be granted according to general criteria.</li> </ul>

# Promotion of the Development of Local Tourist Attraction

- To encourage the creation of new selling point of tourism by upgrading local tourist attractions and the standard of facilities.

Conditions	
<ul style="list-style-type: none"> <li>• Project details must be approved by the Board of Investment</li> <li>• Must have cooperation with Local Administrative Organization, cooperatives or community enterprises</li> <li>• In order to diversify the tourist attractions, projects in the popular areas including Bangkok, Phuket, Krabi, Phang Nga, Phuket, Hat Yai, Samui, Cha-am, Hua Hin, Chiang Mai (Muang district) and Pattaya are not eligible for promotion.</li> </ul>	
In case of investment by general investors	In case parent company is a recipient of the incentives
<ul style="list-style-type: none"> <li>• <b>5-year</b> CIT exemption</li> <li>• Other incentives shall be granted according to general criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>3-year CIT exemption for the existing project of the parent company</b> by the value of the CIT exemption must not exceed the total value of local tourist attraction development project</li> <li>• The project of parent company must be under the BOI's list of eligible activities.</li> <li>• Other incentives shall be granted according to general criteria.</li> </ul>
<p><b>The investor can choose an option only one of these incentives.</b></p>	

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## 3. BOI Services for SMEs

## Consists of 3 sub-measures ;

- 1) Machinery upgrade for energy conservation, alternative energy utilization or reduction of environmental impact
- 2) Machinery upgrade to improve production efficiency e.g. utilizing machinery automation in existing production lines
- 3) Investment in R&D and engineering design for efficiency improvement (Investment must not be less than 1 percent of the total revenue for the first 3 years or 0.5 percent for SMEs)

**\*\* The application must be submitted within 2017 \*\***

## Eligible Projects

- Existing projects, whether BOI or non-BOI promoted. In the case of non-BOI promoted projects, the activities must be eligible for investment promotion by the Board of Investment.
- BOI promoted projects can also apply for this measure when the CIT exemption or reduction period expires.
- The minimum investment must not be less than 1 million Baht (excluding cost of land and working capital) except SMEs; the minimum investment must not be less than 500,000 Baht (excluding cost of land and working capital).
- Project must complete implementation within 3 years from the date the promotion certificate is issued.

## Incentives

- Exemption of import duty for machinery
- 3-year CIT exemption on the revenue of an existing project, accounting for 50 percent of the investment under this measure (excluding cost of land and working capital)
- CIT exemption period shall start from the date of revenue derivation after promotion certificate is issued.

**Example of indicators of measure to promote energy conservation, alternative energy utilization or reduction of environmental impact**

<b>Type</b>	<b>Indicators</b>
<b>Energy conservation</b>	<b>Amount of energy saving costs must equal or more than amount of total corporate income tax exemption</b>
<b>Alternative energy utilization</b>	<b>The usage ratio of alternative energy in the project</b>
<b>Reduction of environmental impact</b>	<b>Reduction of the release rate of the air or water pollution, depending on technology of machinery</b>

## Example of indicators of measure to promote improvement in production efficiency by upgrading machinery

### Indicators

**Direct cost per unit**

**Yield**

**Ex. Waste reduction or cycle time reduction**

**Indicators of productivity and overall production efficiency**

**Ex. - Amount of processing per employee**

- **Efficiency of machinery investment ratio**

- **Overall Equipment Effectiveness (OEE)**

- **Equipment Operating Ratio (EOR)**

- **Mean Time between Failures (MTBF)**

- **Actual production rate as a percentage of the maximum capable production rate**

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## 3. BOI Services for SMEs



## Creating business opportunities

- “Vendors meet Customers” activities
- Marketplace for parts & components
- Organizing trips to join international trade fairs
- Regional networking activities
- Organizing “Thai Subcon” exhibition and trade show
- Developing ASEAN supporting industries database “www.asidnet.org”



ศูนย์พัฒนาการลงทุนไทยในต่างประเทศ  
**Thai Overseas Investment  
 Support Center**  
 THAILAND BOARD OF INVESTMENT  
[toisc.boi.go.th](http://toisc.boi.go.th)  
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 ด่วน!!!  
 ดาวน์โหลดใบสมัคร คลิกที่นี่

## Thai overseas investment promotion

- Providing information and consulting services
- Organizing fact-finding trips
- Training program for Thai entrepreneurs

## Organizing seminars and training programs

- In central and regional areas



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